

# Lesson Plan

## Renters Insurance - Theft! Fire! Flood! Is your stuff covered???

*This lesson plan is the collaborative effort of Janet Duncan, John Korte and Gloria Stegemann, of the Missouri Department of Insurance.*

*For more information on the Insurance Education Initiative, access the following website:* <http://insurance.mo.gov/consumer/teens/educators.htm>

**Subject:** Consumer Economics

**Grade Level:** 11 - 12

**Length:** Three Class Periods

**Objective:** Students will develop a knowledge base pertinent to renters insurance through the study of core definitions and by taking scenarios and determining the cost to the consumer and the cost to the insurance company.

**Materials:** Student - pen or pencil, page of scenarios and worksheets  
Teacher - Copies of transparencies, worksheets, overhead projector

**Background:** Students will have completed the health insurance and auto insurance lessons available through the Missouri Department of Insurance website, to develop basic insurance background.

**Activities:** DAY 1: The teacher will present key terms and basic concepts. Then students will be grouped to attempt to achieve a monetary total relating to their personal property. Crossword or Word Search assignment.  
DAY 2: Review and correct previous day's assignment. Go over sample scenario in class, then assign scenario worksheet.  
DAY 3: Review and correct previous day's assignment. A small test may be given to conclude this lesson plan

## Show-Me Standards:

For more information access the MO Department of Elementary and Secondary Education website at: <http://www.dese.mo.gov/standards>

**Knowledge Standards:** Communication Arts (1, 2, 3, 4, 5, 6); Health/Phys Ed. (6); Mathematics (1, 3); Science (8); Social Studies (4)

**Performance Standards:** 1-5, 1-8, 1-10, 2-3, 2-7, 3-1, 3-2, 3-3, 3-4, 3-5, 3-6, 3-7, 3-8, 4-1, 4-3, 4-5, 4-6



## Renters & Property Insurance

### Theft! Fire! Flood! Is your stuff covered???

So, You're movin' out. Goin' to get your own place. King of your own domain. Do you really need Property Insurance? Whether headed out on your own, facing college, or planning a military career, you need to have your stuff covered.

Property and Renters insurance is designed to protect you from a total loss of your property. Remember that the best way to learn about your policy is to read it completely.

#### If you're headed out on your own...

If you had to go out today and replace all the clothes in your closet, how much would it cost? Do you have that kind of cash? Your landlord's property policy does not cover your TV, your bed, your clothes, or your CD collection. Contact the Missouri Department of Insurance for a free Renters Insurance Cost Comparison Guide, go out and get three quotes and get covered, you really need it.

#### If you're headed to the military...

The military probably won't replace that new \$5,000 camera you put in your footlocker. Although, they may have alternative compensation. If you have personal items in On Base Housing, you need to check with your superior officers to see how your stuff is covered. If it's not, you may want to search for an insurance agent in the area. Many companies and agents give special attention to military personnel.

#### If you're headed to college...

Check your parent's policy. Most homeowner's policies will cover items away from the home, up to a certain dollar amount. If you are in doubt after checking the policy, talk to your parent's insurance agent and ask details about their policy. You may not need a renter's policy.... BUT, be careful about that first move into your own apartment. If you move off campus, you may not be covered by your parent's policy.

#### Facts

**Proof of Loss** - When you have a claim you must be able to prove you had a loss. You're going to have to produce some kind of proof of ownership. This is why Mom always says - "Keep your receipts"!!!

**Deductible** - A Deductible is a clause in your insurance policy that states you will pay a specific amount of a claim before the company pays. The higher your deductible, the lower your premium.

**Small Claims Can Hurt** - Most insurance companies will look at your claims record for the previous 3 to 5 years. When a company looks at your claim history they will take into account all your claims. So if you have a \$250 deductible and you file a claim for your stolen patio furniture totaling \$350, not only is the insurance company going to pay only \$100 it will be recorded as a full claim. Severity of a claim does not matter to some insurance companies, simply the number of claims.

Many companies will not insure those who have had 2-3 claims in 3 years, no matter the dollar amount of the claims.

**ACV vs Replacement Value of your TV - Actual Cash Value (ACV)** is the current price of TV or "book value" that you would find if you sell it in the newspaper today. The **Replacement Cost** of your TV is the amount that it would cost you to go out and buy that same TV in the store.

A general property policy will pay you the ACV of your TV. As your TV **depreciates**, you may find that it is hard to replace it with the exact TV. You can purchase "Replacement Cost Coverage" which means the company will pay for you to replace the TV with the same or similar new TV no matter how much (or how old) your TV has depreciated.

**Discounts with Auto Insurance** - Most companies have big discounts on car insurance if you have a renters policy with them. Sometimes the savings is large enough that it covers the price of the renters insurance.

Missouri Department of Insurance  
P.O. Box 690  
Jefferson City, MO 65102-0690

Get more information about shopping  
for insurance & complaint indexes at  
<http://insurance.mo.gov>  
1-800-726-7390

## What the policy covers

**Liability** - You may be liable for the property you live in. Renters Insurance pays for damages that you may have unintentionally caused. It also pays for personal damage or injuries to others.

**Property Damage** - If your candle starts a fire or your roommate is a bad cook and starts a grease fire and the apartment complex burns down, there's a good chance the owner will come after you to pay for the building. It sure would be hard to pay for a new apartment building.

**Personal Injury to Others** - So you're having a party at your new duplex and someone slips and falls off your back deck. Or, what if you get a new dog to go with your new apartment? Dogs can bite you know. Insurance will cover your liability for the injuries to your visitors.

**Personal Items**, such as your stuff at home is covered in case of fire and theft. It's suggested to estimate and itemize once a year the dollar value of the things you own.

**Temporary Stay** - If your place had a fire and it is getting fixed, most policies will pay for you to stay in a different place while they are fixing yours.

**You Can get a separate policy for a specific piece of property** - Let's say you just bought an expensive ring. Better yet, that camera the Military person put in her locker. No, wait, Grandma just passed away and left you an antique clock. As you can see, there are some specific items that you own that may be of value. Property & Renters policies may limit coverage or exclude coverage on certain types of valuables. If you have something of particular value, for example, over \$2,000, you will want to make sure that the company covers it. If not, look into getting a separate policy for that valuable item.

**Flood and Earthquake Insurance** - Flood and Earthquake are usually covered under a separate attached rider. Check with your agent to see if you need this coverage.

## Simple Lesson:

Your neighbor above you installs a hot tub, but your lease says your not allowed to have hot tubs. It breaks and leaks into your apartment!

1. Your neighbor might be liable for the damage to your stuff, but refuses to pay for anything. If you have Renters Insurance and your neighbor doesn't have insurance, who pays for your stuff to be fixed?

2. Now, what is the answer if neither of you have insurance? Who pays for your stuff\_\_\_\_\_?

3. What if you were the neighbor with the hot tub and no insurance? Can you afford to pay for the damage to your apartment plus someone else's' damaged apartment?

Let's estimate the current dollar value of your bedroom.

1. Clothes: if you had to replace your entire wardrobe how much would it cost? Remember coats, shoes, hats, etc. \$\_\_\_\_\_

2. Bed, Dresser, Furniture, Lamps  
\$\_\_\_\_\_

3. TV, Computer, Stereo, CD's, DVD's  
\$\_\_\_\_\_

4. Pictures, Rugs, Paint \$\_\_\_\_\_

5. TOTAL \$\_\_\_\_\_

### Answers:

1. Your insurance company pays you for your damage, and your company would go after your neighbor to get reimbursed.
2. You do, unless you get a lawyer or a nice neighbor.
3. For the price of two pizzas per month; insurance sounds better than what a lawsuit may cost you!

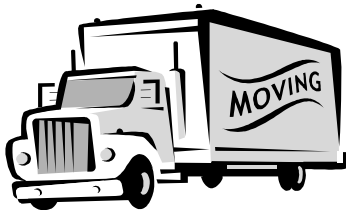
# Renters Insurance



You're getting closer,  
and closer to graduation all the time.

So . . . whether you are heading out to

. . . college



. . . the military

. . . or out on your own

Renters Insurance may be the  
most important thing to have!

# Key Terms:



**Proof of Loss** - verification of purchase (date of purchase, purchased from where, purchase amount).

**Deductible** - an agreed upon amount, between you and your insurer, that you will pay before the insurance company pays anything.  
(Can be negotiated, at the time of insurance purchase, to make your premium lower . . . the higher the deductible, the lower the premium).

**Actual Cash Value (ACV)** - the current value of an item. (It's what you would get for something if you would try to sell it in the paper).

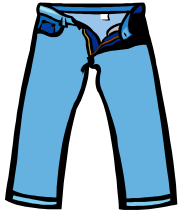
**Replacement Cost** - the cost of an item, if it is replaced new from the store.



**Depreciates** - the value of an item goes down with time.



# Estimate the value of your stuff!



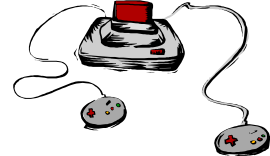
Clothes \$ \_\_\_\_\_

(PJs, socks, shoes, jeans, shirts, etc.)



Bedroom furniture \$ \_\_\_\_\_

(Bed, dresser, nightstand, lamps, etc.)



Electronic Equipment \$ \_\_\_\_\_

(TV, computer, stereo, CDs, DVDs, etc.)



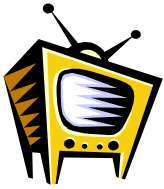
Decorative \$ \_\_\_\_\_

(pictures, bulletin board, rugs, etc.)



Grand Total \$ \_\_\_\_\_

John has the following Renters insurance policy:



\$250 deductible  
\$30,000 Personal Property Limit  
\$2,500 Special Limit for Certain Property  
\$100,000 Liability

### Sample Scenario:



John moved out of the dorms into an apartment with his friends, Chris and Randy. After talking to an insurance producer, John decided to carry Renters Insurance on his stuff. He gave the producer the following list of items to be covered:

- Clothes - \$8,000
- College books - \$2,000
- Couch - \$150
- Coffee table set - \$100
- Lamps - 3 @ \$25 each = \$75
- Bed - \$200



Chris & Randy owned the \$900 35-inch TV, \$2,000 stereo, and \$3,000 computer set-up. Also, their beds, books and clothes. But, they decided that they did not need insurance.

While on break from school, Chris had a grease fire in the kitchen. Everything was lost.

- ◆ How much did John pay?
- ◆ How much did Chris & Randy pay?
- ◆ How much did the insurance company pay?

So . . . How much does John pay?



\$250
\$0
\$0
\$0
\$0
\$0
\$0
<hr/>
<b>\$250</b>



And . . . How much does the Insurance Co. pay?



Deductible	\$0
Clothes	\$8,000
College Books	\$2,000
Couch	\$150
Coffee table set	\$100
Lamps (3)	\$75
Bed	\$200
<hr/>	
<b>Total</b>	<b>\$10,525</b>

Chris & Randy have ended up with "nothing", because they did not insure what they had . . . and do not have the money to immediately replace their stuff.



POLICY LIMITS (for all of the following scenarios):

Liability	=	\$100,000	
Personal Property Limit	=	\$30,000	(replacement cost)
Special Limit for Certain Property	=	\$2,500	
Deductible	=	\$250	

- ❶ Ricky moved into his own apartment right after high school. He got a good job as a forklift operator in a local warehouse. With his extra money, Ricky liked to "invest" in his competition stereo, which had components that he could easily remove from his car. Last week, Ricky moved the stereo from his car and put it just inside his front door. That night, thieves kicked in his door and took the first expensive thing (the stereo) they found and ran.

Since these parts were not permanently attached to his car, the Renters Insurance Company would cover them. The value of Ricky's competition stereo was \$7,500.

How much did Ricky pay? \_\_\_\_\_

How much did the insurance company pay? \_\_\_\_\_

What needs to be considered or changed about this situation in the future? \_\_\_\_\_

- ❷ Debbie likes to sit on her patio and sip lemonade in the back yard of her duplex. One night her patio furniture was stolen from her back yard. Feeling hurt that someone stole from her, Debbie filed a police report and called her insurance company to file a claim. The claim she filed was for the replacement price of the patio furniture at \$400.

How much did Debbie pay? \_\_\_\_\_

How much did the insurance company pay? \_\_\_\_\_

What needs to be considered or changed about this situation in the future? \_\_\_\_\_

- ❸ Courtney and a couple of friends are renting a house near campus to save money and cut expenses, while going to college. Courtney decided to cook her boyfriend, Bobby, a Valentine's dinner. It turned out to be a little more than she could handle, and the end result was a fire in the kitchen. All major kitchen appliances were lost, the rest of the apartment experienced smoke and water damage. The total cost of the claim was \$27,500.

How much did Courtney pay? \_\_\_\_\_

How much did the insurance company pay? \_\_\_\_\_

What needs to be considered or changed about this situation in the future? \_\_\_\_\_

# ANSWER KEY - RENTERS LESSON PLAN

POLICY LIMITS (for all of the following scenarios):

Liability	=	\$100,000	
Personal Property Limit	=	\$30,000	(replacement cost)
Special Limit for Certain Property	=	\$2,500	
Deductible	=	\$250	

## NOTES FOR TEACHER:

Make sure that students know that additions to a policy are known as "**riders**". Riders are optional coverages that can be purchased along with the basic coverage.

Remind students that they should check to see if the personal property coverage has been issued on a "**replacement cost**" or an "**actual cash value**" basis.

①

How much did Ricky pay? \$250

How much did the insurance company pay? \$2,500

What needs to be considered or changed about this situation in the future? He should have gotten a rider to his policy to insure that his competition stereo equipment was covered.

②

How much did Debbie pay? \$250

How much did the insurance company pay? \$150

What needs to be considered or changed about this situation in the future? Insurance companies are sensitive to frivolous claims, and may cancel the policies after one or two claims. Is it worth it? Probably not.

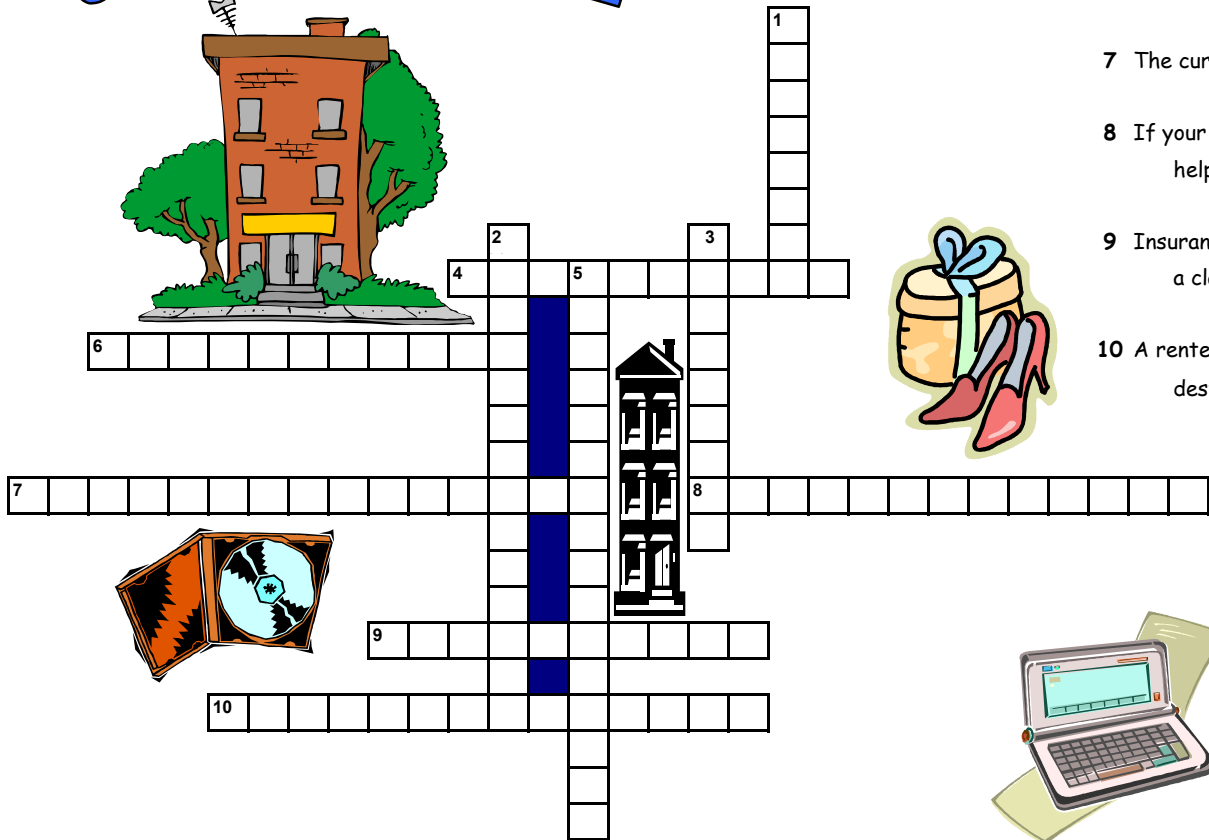
③

How much did Courtney pay? \$250

How much did the insurance company pay? \$27,250

What needs to be considered or changed about this situation in the future? While this was a valid use of the liability portion of her policy, the company may cancel the policy after its paid. Is it worth it? Yes.

# MDI RENTERS INSURANCE CROSSWORD PUZZLE



## ACROSS

- 4 The decrease in value of your property. OR  
The difference between ACV and Replacement Cost
- 6 Proving your ownership of lost or damaged property OR  
The reason Mom says you should keep your receipts (3 words)
- 7 The current or "book value" of your personal property (3 words)
- 8 If your place has a fire and it is getting fixed, insurance coverage will  
help pay for a \_\_\_\_\_ (2 words)
- 9 Insurance policy provision that states you will pay a specific amount of  
a claim before the company pays.
- 10 A renters insurance policy pays for \_\_\_\_\_ if you have a fire and it  
destroys the apartment complex (2 words)

## WORD CHOICES

REPLACEMENT VALUE	TEMPORARY STAY
DEDUCTIBLE	PROPERTY DAMAGE
PROOF OF LOSS	LIABILITY
DISCOUNT	PERSONAL INJURY
ACTUAL CASH VALUE	DEPRECIATE

## DOWN

- 1 Many insurance companies will give you a \_\_\_\_\_ when you purchase both your auto and renters insurance policy with them.
- 2 A Renters Insurance policy covers your liability if someone slips on your sidewalk and has a \_\_\_\_\_ (2 words)
- 3 A Renters Insurance policy pays for damage that you unintentionally cause, personal damage or injuries to other people
- 5 The amount that it would cost you to go out and replace your old damaged TV in the store today

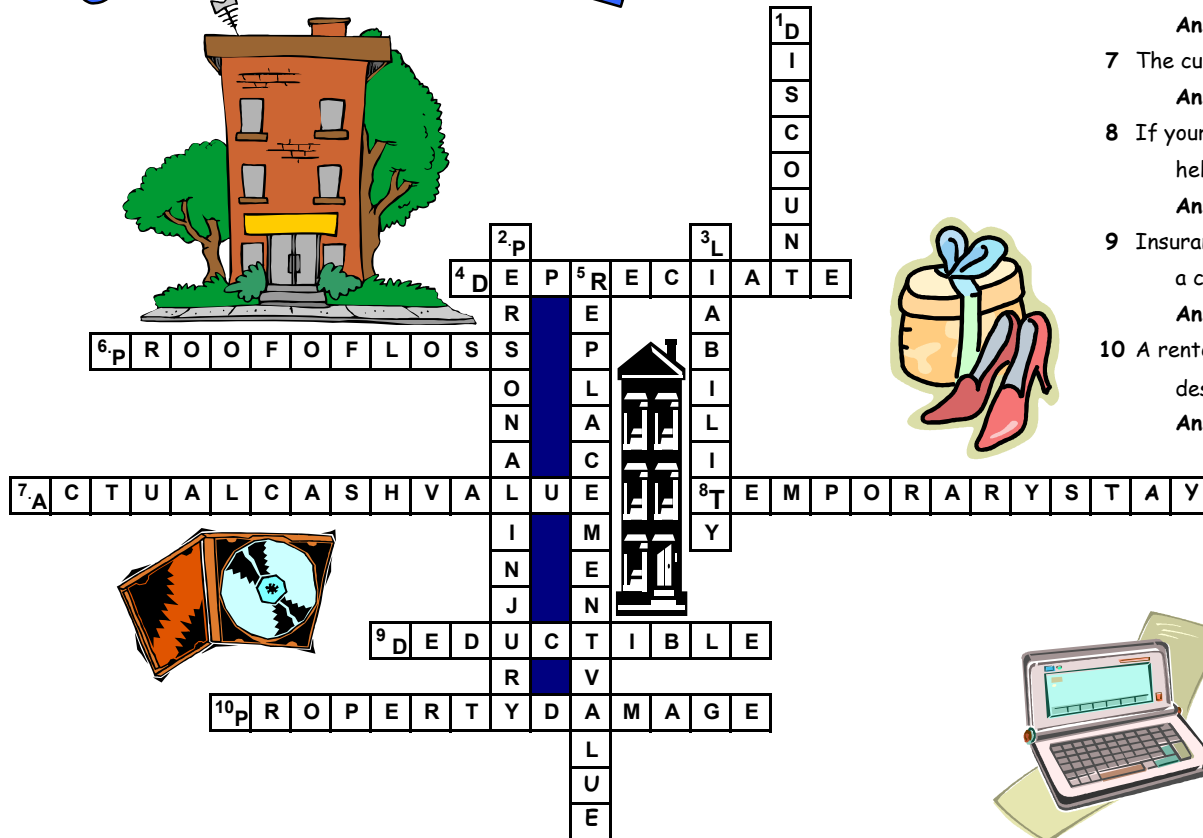
For More information about insurance  
visit the Missouri Department of  
Insurance's Teen website at  
[Insurance.mo.gov/consumer/teens](http://Insurance.mo.gov/consumer/teens)



Jan./2004



# MDI RENTERS INSURANCE CROSSWORD PUZZLE



## ACROSS

- 4 The decrease in value of your property. OR  
The difference between ACV and Replacement Cost  
**Answer: DEPRECIATE**
- 6 Proving your ownership of lost or damaged property OR  
The reason Mom says you should keep your receipts (3 words)  
**Answer: PROOF OF LOSS**
- 7 The current or "book value" of your personal property (3 words)  
**Answer: ACTUAL CASH VALUE**
- 8 If your place has a fire and it is getting fixed, insurance coverage will  
help pay for a \_\_\_\_\_ (2 words)  
**Answer: TEMPORARY STAY**
- 9 Insurance policy provision that states you will pay a specific amount of  
a claim before the company pays.  
**Answer: DEDUCTIBLE**
- 10 A renters insurance policy pays for \_\_\_\_\_ if you have a fire and it  
destroys the apartment complex (2 words)  
**Answer: PROPERTY DAMAGE**

### WORD CHOICES

REPLACEMENT VALUE	TEMPORARY STAY
DEDUCTIBLE	PROPERTY DAMAGE
PROOF OF LOSS	LIABILITY
DISCOUNT	PERSONAL INJURY
ACTUAL CASH VALUE	DEPRECIATE

## DOWN

- 1 Many insurance companies will give you a \_\_\_\_\_ when you purchase both your auto and renters insurance policy with them.  
**Answer: DISCOUNT**
- 2 A Renters Insurance policy covers your liability if someone slips on your sidewalk and has a \_\_\_\_\_ (2 words)  
**Answer: PERSONAL INJURY**
- 3 A Renters Insurance policy pays for damage that you unintentionally cause, personal damage or injuries to other people  
**Answer: LIABILITY**
- 5 The amount that it would cost you to go out and replace your old damaged TV in the store today  
**Answer: REPLACEMENT VALUE**

For More information about insurance  
visit the Missouri Department of  
Insurance's Teen website at  
[Insurance.mo.gov/consumer/teens](http://Insurance.mo.gov/consumer/teens)



Jan./2004





# MDI Teen Word Search

## Renters Insurance



A	A	U	L	P	F	A	L	U	M	X	B	N	P	O	A	U	O	T	S
N	C	H	E	A	A	Q	T	P	O	S	S	C	B	F	L	B	Y	J	E
D	E	T	L	U	V	D	O	A	A	P	C	I	X	L	Z	K	H	L	G
Y	U	X	U	L	X	E	F	T	P	T	L	K	Z	O	R	Q	Y	B	S
Y	A	H	U	A	R	D	H	K	A	L	T	V	M	O	C	S	I	C	D
P	D	P	C	J	L	U	Y	E	R	Y	M	Y	O	D	B	E	W	V	F
D	Z	P	X	K	Q	C	T	F	E	H	D	O	W	I	F	T	T	R	X
J	C	E	M	B	Y	T	A	L	A	G	B	X	L	N	V	L	J	E	J
L	Z	J	Z	E	R	I	S	S	Z	Z	A	N	P	S	E	I	G	D	G
K	A	C	E	L	U	B	N	N	H	U	U	X	L	U	S	A	D	O	M
U	M	Z	H	P	J	L	A	S	Y	V	D	Z	M	R	M	B	G	T	P
J	O	A	M	R	N	E	A	A	Z	S	A	Z	K	A	F	I	L	U	Q
U	X	U	S	R	I	J	H	V	S	T	D	L	D	N	P	L	J	R	H
M	M	B	D	Y	L	K	S	O	T	H	Q	Y	U	C	I	I	Z	H	I
I	N	S	U	R	A	B	L	E	I	N	T	E	R	E	S	T	J	V	H
H	A	Q	P	Y	N	F	E	X	Y	R	E	Z	G	T	L	Y	L	K	N
L	J	A	T	N	O	T	F	I	E	Y	M	M	N	A	O	T	Y	I	U
F	L	K	B	F	S	F	F	P	B	T	P	U	E	I	G	C	V	H	O
P	F	U	O	L	R	F	O	T	N	P	O	E	Z	C	R	X	D	S	M
H	P	O	V	C	E	R	A	U	V	C	R	P	Q	E	A	B	U	F	H
D	R	U	A	P	P	F	O	D	S	H	A	F	S	R	E	L	X	O	I
P	A	L	L	P	F	C	L	M	M	X	R	N	P	O	A	U	P	T	S
C	B	M	B	Y	S	Z	X	C	V	B	Y	F	O	D	S	H	A	E	Z
P	Z	X	V	I	Q	G	H	Z	R	X	S	E	A	A	Z	S	A	Z	R
D	R	R	D	E	P	R	E	C	E	A	T	E	T	L	K	Z	O	R	Q
J	M	M	B	D	Y	L	C	V	B	N	A	Y	I	O	P	L	K	J	H
L	F	L	K	B	F	S	Y	A	H	U	Y	P	D	P	C	J	L	Z	Z

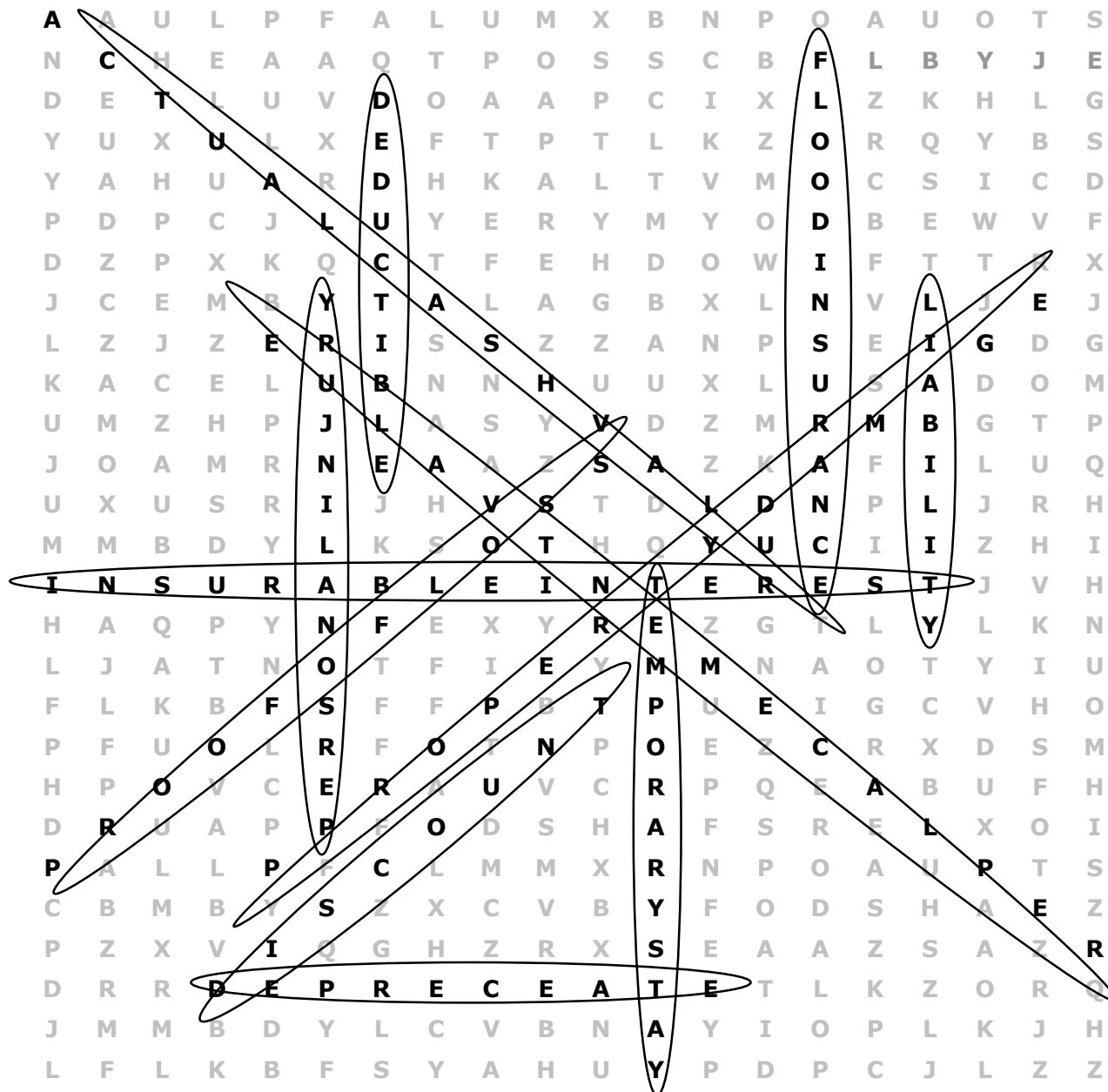
**Replacement Value**  
**Deductible**  
**Proof of Loss**  
**Discount**

**Depreciate**  
**Personal Injury**  
**Liability**  
**Temporary Stay**

**Insurable Interest**  
**Flood Insurance**  
**Property Damage**  
**Actual Cash Value**



# MDI Teen Word Search Renters Insurance



**Replacement Value**  
**Deductible**  
**Proof of Loss**  
**Discount**

**Depreciate**  
**Personal Injury**  
**Liability**  
**Temporary Stay**

**Insurable Interest**  
**Flood Insurance**  
**Property Damage**  
**Actual Cash Value**



**Missouri Department of Insurance**  
**Insurance Education Initiative**  
**Teen Worksheets and Lesson plans - Educator Survey**

PLEASE MAIL TO:  
Missouri Department of Insurance  
PO Box 690  
Jefferson City, MO 65102-0690

<http://insurance.mo.gov>  
800-726-7390

The Missouri Department of Insurance supports the use of educational insurance programs for Missouri youth. Teaching teens & young adults the importance of insurance coverage will further prepare them for life's journey. MDI realizes that one of the best ways to teach teens about insurance is in the classroom. Please provide your feedback to for the insurance educational material used in your classroom.

**Your Name** \_\_\_\_\_

**Name of your school** \_\_\_\_\_

**Subject or Class and Grade Level with which you used this material** \_\_\_\_\_

**Email and/or phone number** \_\_\_\_\_

**Check all that apply:**

MDI Lesson Plan used

- ☐ Health Insurance Lesson Plan
- ☐ Auto Insurance Lesson Plan
- ☐ Renters Insurance Lesson Plan

Supplemental MDI classroom material used

- ☐ Teen Insurance Crossword Puzzle
- ☐ Teen Insurance Word Search
- ☐ Teen *Renters* Ins Crossword Puzzle
- ☐ Teen *Renters* Ins Word Search

What are the other insurance educational materials you use in your classroom?

Examples of other insurance material may be M.I.E.F.'s CD or DESE's Family/Consumer Resource Management [#40-3109-I]

Did you use any MDI Teens worksheets (General, Auto, Health, Renters) in your classroom, other than the one included with your lesson plan?

- ☐ Yes
- ☐ No

Please rate the educational value of the MDI material used in your classroom.

- ☐ **1** (High)
- ☐ **2**
- ☐ **3**
- ☐ **4**
- ☐ **5** (Low)

How did your students react to the lessons taught?

- ☐ Excellent
- ☐ Good
- ☐ Poor

Additional comments or recommendations:

---

---

---

*Thank you for your input about the MDI Insurance Education Initiative.*

*For more information contact us at 1-800-726-7390 or email us by going to [insurance.mo.gov](http://insurance.mo.gov) then Ask MDI then Teen info*

***The MDI Teen worksheets can be found at <http://insurance.mo.gov/consumer/teens>***